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TO RUEHC/SECSTATE WASHDC PRIORITY 3811
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 5932
RUEHBJ/AMEMBASSY BEIJING 3634
RUEHKO/AMEMBASSY TOKYO 3493
RUEHIT/AMCONSUL ISTANBUL 4174
RUEKJCS/JOINT STAFF WASHDC
RUEAIIA/CIA WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEFDIA/DIA WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUCNDT/USMISSION USUN NEW YORK 1272
RUEHVEN/USMISSION USOSCE 4126

C O N F I D E N T I A L ASHGABAT 001531

SIPDIS

STATE FOR SCA/CEN; EEB;
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR EHOUSE

E.O. 12958: DECL: 11/26/2019
TAGS: [EPET](#) [ECON](#) [PGOV](#) [EINV](#) [BTIO](#) [TX](#) [IT](#)
SUBJECT: ITALIAN COMPANY ENI SIGNS MOU WITH TURKMEN
GOVERNMENT

REF: A. ASHGABAT 1318
[1](#)B. ASHGABAT 389

Classified By: Charge Sylvia Reed Curran for reasons 1.4 (b) and (d).

[1](#)1. (SBU) On November 25, a memorandum of understanding was signed between the Turkmen State Agency for Hydrocarbon Resources and Italy's state-owned energy company ENI during President Berdimuhamedov's recent visit to Rome. ENI acquired Burren Energy in 2008, after Burren had long been a party to a production sharing agreement (PSA) for oil from onshore fields in western Turkmenistan. The GOTX reacted negatively to the ENI's deal, claiming that neither ENI or Burren had coordinated with the Turkmen government first; the GOTX reportedly refused to issue visas to ENI managers for months after learning about the deal.

[1](#)2. (SBU) In 1996, the GOTX under former President Niyazov signed a PSA with ExxonMobil, Monument (UK), and Burren Energy (UK). In 2000, Burren purchased 100 percent of the project from the other two companies. Burren extracts oil from the Nebitdag Contractual Territory, located about 20 kilometers west of Balkanabat, which includes the Nebitdag, Burun, Gumdag, and Garadape oil fields. In 2006, Burren discovered two new oil fields: Balkan and Uzboy.

[1](#)3. (C) Head of the Turkmen State Agency for the Management and Use of Hydrocarbon Resources Yagshygeldi Kakayev signed the MOU on behalf of the Turkmen, and ENI's CEO Paolo Scaroni signed for the Italians. Press reports touted the signing of the MOU as a means for promoting and strengthening Turkmen-Italian cooperation in developing Turkmenistan's petroleum industry. The media speculated that the MOU was most likely tied to an offshore exploration block in the Caspian. Italian Counsellor Enrico Valvo (resident in Moscow) told Charge on November 26 that he also thought the MOU was tied to an offshore deal.

[1](#)4. (C) COMMENT. ENI currently partners with Gazprom on the

South Stream pipeline project and is one of Gazprom's largest gas customers, but ENI's affiliation with the Russian state-owned gas giant appears not to have hurt its chances of getting a deal with the Turkmen as ENI reps previously thought (ref B). At the same time, the Turkmen President told ConocoPhillips in September that it would need to end its partnership with LukOil before it could compete seriously for an offshore block (ref A). Berdimuhamedov enjoys meeting with foreign heads of state, and frequently provides deliverables on such visits. It appears that any hurt feelings the Turkmen had for ENI in the past involving the Burren deal have been resolved. Given that personal contact is so important here (especially to Turkmen President Berdimuhamedov), time and an invitation to Rome for the Turkmen Head of State may have healed all wounds. END COMMENT.
CURRAN